



House of Representatives

General Assembly

File No. 419

January Session, 2007

Substitute House Bill No. 6642

House of Representatives, April 10, 2007

The Committee on Planning and Development reported through REP. FELTMAN of the 6th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE SUSTAINABILITY OF STATE-ASSISTED HOUSING AND REQUIRING A COMPREHENSIVE PHYSICAL NEEDS ASSESSMENT FOR PUBLIC HOUSING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2007*) (a) As used in sections 2 to 4,
2 inclusive, of this act:

3 (1) "Authority" means the Connecticut Housing Finance Authority;

4 (2) "Eligible housing" means the housing that is in the housing loan
5 portfolio that was transferred from the Department of Economic and
6 Community Development to the Connecticut Housing Finance
7 Authority pursuant to section 8-37uu of the general statutes;

8 (3) "Financial assistance" means grants, deferred loans, no interest
9 and low interest loans, loan guarantees, interest subsidies and similar
10 financings; and

11 (4) "Fund" means the State-Assisted Housing Sustainability Fund
12 established pursuant to section 2 of this act.

13 Sec. 2. (NEW) (*Effective from passage*) (a) The Connecticut Housing
14 Finance Authority, in consultation with the State-Assisted Housing
15 Sustainability Advisory Committee, established pursuant to section 3
16 of this act, shall establish and maintain the State-Assisted Housing
17 Sustainability Fund for the purpose of the preservation of eligible
18 housing. The moneys of the fund shall be available to the authority to
19 provide financial assistance, consistent with the recommendations of
20 the State-Assisted Housing Sustainability Advisory Committee, to the
21 owners of eligible housing for the maintenance, repair, rehabilitation,
22 and modernization of eligible housing and for other activities
23 consistent with preservation of eligible housing, including, but not
24 limited to, (1) emergency repairs to abate actual or imminent
25 emergency conditions that would result in the loss of habitable
26 housing units, (2) major system repairs or upgrades, including, but not
27 limited to, repairs or upgrades to roofs, windows, mechanical systems
28 and security, (3) reduction of vacant units, (4) remediation or
29 abatement of hazardous materials, including lead, (5) increases in
30 development mobility and sensory impaired accessibility in units,
31 common areas and accessible routes, (6) relocation costs and
32 alternative housing for not more than sixty days, necessary because of
33 the failure of a major building system, and (7) a comprehensive
34 physical needs assessment. Financial assistance shall be awarded to
35 applicants consistent with the recommendations of the State-Assisted
36 Housing Sustainability Advisory Committee.

37 (b) In each of the fiscal years ending June 30, 2008, and June 30,
38 2009, the authority may expend not more than seven hundred fifty
39 thousand dollars from the fund for reasonable administrative costs
40 related to the operation of the fund, including the expenses of the
41 State-Assisted Housing Sustainability Advisory Committee, the
42 development of analytic tools and research concerning the capital and
43 operating needs of eligible housing for the purpose of advising the
44 General Assembly on policy regarding eligible housing and the study

45 required by section 5 of this act. Thereafter, the authority shall prepare
46 an administrative budget which shall be effective upon the approval of
47 said committee.

48 (c) The authority shall adopt written procedures in accordance with
49 section 1-121 of the general statutes to implement the provisions of this
50 section. Such procedures shall establish (1) guidelines for grants and
51 loans, and (2) a process for certifying an emergency condition in not
52 more than forty-eight hours and for committing emergency funds,
53 including costs of resident relocation, if necessary, not more than five
54 business days after application by the owner of eligible housing for
55 emergency repair financial assistance. The guidelines under
56 subdivision (1) of this subsection shall provide for deferred payment of
57 principal and interest upon approval of the committee.

58 (d) In reviewing applications and providing financial assistance
59 under this section, the authority, in consultation with the State-
60 Assisted Housing Sustainability Advisory Committee, shall consider
61 the long term viability of the eligible housing and the likelihood that
62 financial assistance will assure such long term viability. As used in this
63 section, "viability" includes, but is not limited to, continuous
64 habitability and adequate operating cash flow to maintain the existing
65 physical plant and any capital improvements and to provide basic
66 services required under the lease and otherwise required by local
67 codes and ordinances.

68 (e) On or before February 1, 2009, and annually thereafter, the
69 authority, in consultation with the State-Assisted Housing
70 Sustainability Advisory Committee, shall submit a report on the
71 operation of the fund, for the previous calendar year, to the General
72 Assembly, in accordance with section 11-4a of the general statutes. The
73 report shall include an analysis of the distribution of funds and an
74 evaluation of the performance of said fund and may include
75 recommendations for modification to the program.

76 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) (1) There is established a
77 State-Assisted Housing Sustainability Advisory Committee. The

78 committee shall consist of the following members:

79 (A) The chairpersons and ranking members of the select committee
80 of the General Assembly having cognizance of matters relating to
81 housing;

82 (B) The chairpersons and ranking members of the joint standing
83 committee of the General Assembly having cognizance of matters
84 relating to planning and development;

85 (C) One appointed by the speaker of the House of Representatives
86 who shall represent a housing authority with one hundred or more
87 units of eligible housing but less than two hundred fifty units and be
88 appointed from a list submitted by the Connecticut Chapter of the
89 National Association of Housing and Redevelopment Officials;

90 (D) One appointed by the president pro tempore of the Senate who
91 shall represent a housing authority with two hundred fifty or more
92 units of eligible housing and be appointed from a list submitted by the
93 Connecticut Chapter of the National Association of Housing and
94 Redevelopment Officials;

95 (E) One appointed by the majority leader of the House of
96 Representatives who shall represent a housing authority with one
97 hundred or more but less than two hundred fifty units of eligible
98 housing and be appointed from a list submitted by the Connecticut
99 Chapter of the National Association of Housing and Redevelopment
100 Officials;

101 (F) One appointed by the majority leader of the Senate who shall
102 represent a housing authority with one hundred or less units of
103 eligible housing and be appointed from a list submitted by the
104 Connecticut Chapter of the National Association of Housing and
105 Redevelopment Officials by the majority leader of the Senate;

106 (G) One appointed by the minority leader of the House of
107 Representatives who shall represent a housing authority with one
108 hundred or more but less than two hundred fifty units of eligible

109 housing and be appointed from a list submitted by the Connecticut
110 Chapter of the National Association of Housing and Redevelopment
111 Officials;

112 (H) One appointed by the minority leader of the Senate who shall
113 represent a housing authority with one hundred or less units of
114 eligible housing and be appointed from a list submitted by the
115 Connecticut Chapter of the National Association of Housing and
116 Redevelopment Officials; and

117 (I) Eight appointed by the executive director of the Connecticut
118 Housing Finance Authority as follows: (i) Two representing
119 organizations that advocate for residents of state-funded public
120 housing; (ii) two residents of state-funded public housing; (iii) two
121 who are advocates for persons with disabilities; (iv) one representing a
122 nonprofit housing organization; and (v) one representing a for-profit
123 housing organization.

124 (2) The appointments made pursuant to subparagraphs (C) to (H),
125 inclusive, of subdivision (1) of this subsection shall be made from a list
126 submitted by the Connecticut Chapter of the National Association of
127 Housing and Redevelopment Officials as follows: Three shall represent
128 a housing authority with less than one hundred units; three shall
129 represent a housing authority with more than one hundred units but
130 less than two hundred fifty units and three shall represent a housing
131 authority with more than two hundred fifty units.

132 (b) The committee shall meet at least quarterly and shall advise the
133 executive director of the Connecticut Housing Finance Authority on
134 the administration, management, procedures and objectives of the
135 financial assistance provided pursuant to section 2 of this act,
136 including, but not limited to, the establishment of criteria, priorities
137 and procedures for such financial assistance.

138 (c) The speaker of the House of Representatives and the president
139 pro tempore of the Senate shall select the chairpersons of the task
140 force, from among the members of the task force. The chairperson, or

141 the vice-chairperson in the absence of the chairperson, may establish
142 subcommittees and working groups of the members as needed to the
143 chairperson of such subcommittees.

144 (d) The initial term of the members appointed to the committee
145 pursuant to subparagraphs (C) to (I), inclusive, of subdivision (1) of
146 subsection (a) shall be staggered by lottery conducted by the
147 committee. After the initial term, the terms of all members shall be
148 three years. Members may be reappointed for an unlimited number of
149 terms.

150 Sec. 4. (NEW) (*Effective July 1, 2007*) (a) The Connecticut Housing
151 Finance Authority shall design and administer a program of grants to
152 owners of eligible housing to pay the cost of a comprehensive physical
153 needs assessment for each eligible housing development. The final
154 design of this program shall be subject to the review and approval by
155 the State-Assisted Housing Sustainability Advisory Committee
156 established pursuant to section 3 of this act. Such assessment shall be a
157 twenty-year life cycle analysis covering all physical elements, adjusted
158 for observed conditions, and shall include, at a minimum, an
159 evaluation of (1) dwelling units; building interiors and building
160 envelopes; community buildings and amenities; site circulation and
161 parking; site amenities such as lots; mechanical systems, including an
162 analysis of technological options to reduce energy consumption and
163 pay-back periods on new systems that produce heat and domestic hot
164 water; and site conditions, (2) compliance with physical accessibility
165 guidelines under Title II of the federal Americans with Disabilities Act,
166 and (3) hazardous materials abatement, including lead paint
167 abatement. The costs of such needs assessments shall be paid from the
168 fund.

169 (b) A copy of each completed comprehensive physical needs
170 assessment shall be submitted to the Connecticut Housing Finance
171 Authority in a format prescribed by the authority. The format shall be
172 designed by the authority so that a baseline of existing and
173 standardized conditions of eligible housing can be prepared and

174 annually updated to reflect changes in the consumer price index and
175 annual construction costs.

176 Sec. 5. (*Effective July 1, 2007*) The State-Assisted Housing
177 Sustainability Advisory Committee, established pursuant to section 3
178 of this act, shall study and make recommendations concerning
179 modifications to the program of rental assistance for elderly and
180 disabled persons established pursuant to section 8-119kk of the general
181 statutes. In conducting such study, the committee shall consider
182 expanding to other eligible housing or replacing such program with
183 another program designed to assure the long-term viability of all
184 eligible housing, as defined in section 1 of this act, with minimal
185 impact on low and moderate income households. The committee shall
186 submit its report on or before July 1, 2009, to the select committee of
187 the General Assembly having cognizance of matters relating to
188 housing, in accordance with the provisions of section 11-4a of the
189 general statutes.

190 Sec. 6. (NEW) (*Effective July 1, 2007*) The sum of one hundred twenty
191 million dollars is hereby appropriated from the surplus in the General
192 Fund for the fiscal year ending June 30, 2007, to the Department of
193 Economic and Community Development for the purpose of a grant-in-
194 aid to the Connecticut Housing Finance Authority to capitalize the
195 State-Assisted Housing Sustainability Fund established pursuant to
196 section 2 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section

HSG

Joint Favorable C/R

PD

PD

Joint Favorable Subst.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Connecticut Housing Finance Authority (quasi-public)	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 08 \$	FY 09 \$
Various Housing Authorities	See Below	See Below	See Below

Explanation

The bill requires the Connecticut Housing Finance Authority (CHFA) to establish and maintain the State Assisted Housing Sustainability Fund. The bill appropriates \$120 million from the surplus in the General Fund for the fiscal year ending June 30, 2007, to the Department of Economic and Community Development (DECD) to provide grants to CHFA to capitalize the fund. The bill authorizes CHFA to expend no more than \$750,000 in each FY 08 and FY 09 from the fund for specific expenses associated with the funds maintenance outlined in the bill. This appropriation will reduce the current year surplus by \$120 million dollars. It should be noted that this legislation does not provide that the funding will carry forward into FY 2008.

It is anticipated that the CHFA can support the administration of this program without additional costs through its current management and oversight process for this portfolio.

There are 405 properties with approximately 14,500 housing units in the portfolio that would be eligible under the program. The current estimated unfunded capital needs to address emergency, deferred maintenance, and rehabilitation is approximately \$152,000,000 as

reported by owners, compiled and categorized and for the most part verified by CHFA. In addition 17 housing authorities are in discussions concerning the redevelopment of 23 properties which could cost approximately \$300,000,000.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6642*****AN ACT CONCERNING THE SUSTAINABILITY OF STATE-ASSISTED HOUSING AND REQUIRING A COMPREHENSIVE PHYSICAL NEEDS ASSESSMENT FOR PUBLIC HOUSING.*****SUMMARY:**

The bill requires the Connecticut Housing Finance Authority (CHFA) to establish and maintain the State-Assisted Housing Sustainability Fund to preserve eligible housing. CHFA must do so in consultation with the State-Assisted Housing Sustainability Advisory Committee, which the bill creates. The bill appropriates \$120 million from the FY 07 General Fund surplus to the Department of Economic and Community Development (DECD) to provide grants to CHFA to capitalize the State-Assisted Housing Sustainability Fund.

Under the bill, “eligible housing” means developments that are part of the state affordable rental housing loan portfolio, which DECD transferred to CHFA in 2002 as authorized by law.

The bill requires the 22-member advisory committee to advise CHFA on the fund’s use for its various preservation and assessment purposes. The committee must also study and make recommendations concerning modifications to the state’s rental assistance program for elderly and disabled people (see BACKGROUND). In conducting the study, the committee must consider expanding the program to other eligible housing or replacing it with another program designed to assure the long-term viability of all eligible housing as the bill defines it, with minimal impact on low- and moderate-income households. The committee must submit its report by July 1, 2009 to the Housing Committee.

The bill also requires CHFA, in consultation with the advisory committee, to submit a report on the sustainability fund's operation for the previous year by February 1, 2009, and annually thereafter. The report must include an analysis of the sustainability fund's distribution and an evaluation of its performance, and may include recommendations for program modifications.

EFFECTIVE DATE: July 1, 2007, except for the State-Assisted Housing Sustainability Fund's establishment, which is effective upon passage.

STATE-ASSISTED HOUSING SUSTAINABILITY FUND

The bill specifies that funds must be available to CHFA to provide financial assistance, consistent with the recommendations of the advisory committee (see below), to the eligible housing owners for the maintenance, repair, rehabilitation, and modernization of eligible housing and for other activities consistent with its preservation. Other activities include:

1. emergency repairs to abate actual or imminent emergency conditions that would result in the loss of habitable housing units,
2. major system repairs or upgrades, including repairs or upgrades to roofs, windows, mechanical systems, and security, and relocation costs, and alternative housing for no more than 60 days, necessary because of the failure of a major building system;
3. vacant unit reduction;
4. remediation or abatement of hazardous materials, including lead;
5. increases in development mobility and sensory impaired accessibility in units, common areas, and accessible routes; and
6. a comprehensive physical needs assessment (see below).

CHFA must award financial assistance to applicants consistent with the recommendations of the State-Assisted Housing Sustainability Advisory Committee.

The bill authorizes CHFA to expend no more than \$750,000 annually in FY 08 and FY 09 from the fund for reasonable administrative expenses associated with the fund's maintenance. This includes (1) the State-Assisted Housing Sustainability Advisory Committee's expenses, (2) the development of analytic tools and research concerning the capital and operating needs of eligible housing to advise the legislature on policy regarding eligible housing, and (3) the study under the bill. As of FY 10, the authority must prepare an administrative budget that takes effect when the advisory committee approves it.

Written Procedures, Including for Emergency Repairs

CHFA must adopt written procedures to implement the handling of the fund. The procedures must establish:

1. guidelines for grants and loans, including providing for deferred payment of principal and interest upon approval of the committee and
2. a process for certifying an emergency condition in not more than 48 hours and for committing emergency funds, including costs of resident relocation, if necessary, not more than five business days after the eligible housing owner applies for emergency repair financial assistance.

Emergency Loan Viability Review

Under the bill, in reviewing applications and providing financial assistance, CHFA, in consultation with the advisory committee, must consider the long-term viability of eligible housing and the likelihood that financial assistance will ensure long-term viability. The bill specifies that "viability" includes (1) continuous habitability and adequate operating cash flow to maintain the existing physical plant and any capital improvements and (2) providing basic services

required under the lease and otherwise required by local codes and ordinances.

Comprehensive Physical Needs Assessments

CHFA must design and administer a grant program for eligible housing owners to pay for comprehensive physical needs assessments for each eligible housing development. The final design of this program is subject to the advisory committee's review and approval. The assessment must be a 20-year life-cycle analysis covering all physical elements, adjusted for observed conditions, and must at least evaluate:

1. dwelling units, building interiors and envelopes, community buildings and amenities, site circulation and parking, site amenities such as lots, mechanical systems, including an analysis of technological options to reduce energy consumption and pay-back periods on new systems that produce heat and domestic hot water, and site conditions;
2. compliance with physical accessibility guidelines under Title II of the federal Americans with Disabilities Act (the act prohibits discrimination on the basis of disability by public entities); and
3. hazardous materials abatement, including lead paint abatement.

A copy of each needs assessment must be submitted to CHFA in a format it prescribes. CHFA must design the format so that a baseline of existing and standardized conditions of eligible housing can be prepared and annually updated to reflect changes in the consumer price index and annual construction costs.

STATE-ASSISTED HOUSING SUSTAINABILITY ADVISORY COMMITTEE

To advise CHFA on use of the State-Assisted Housing Sustainability Fund, the bill establishes an advisory committee, which consists of the following members:

1. the Housing and Planning and Development committees' chairpersons and ranking members;
2. one, appointed by the House speaker, who represents a housing authority with between 100 and 250 eligible housing units;
3. one, appointed by the Senate president pro tempore, who represents a housing authority with 250 or more eligible housing units;
4. one, appointed by the House majority leader, who represents a housing authority with between 100 and 250 eligible housing units;
5. one, appointed by the Senate majority leader, who represents a housing authority with 100 or fewer housing units;
6. one, appointed by the House minority leader, who represents a housing authority with between 100 and 250 housing units;
7. one, appointed by the Senate minority leader, who represents a housing authority with 100 or fewer eligible housing units; and
8. eight appointed by the CHFA's executive director as follows: (a) two representing organizations that advocate for residents of state-funded public housing, (b) two state-funded public housing residents, (c) two who are advocates for people with disabilities, (d) one representing a nonprofit housing organization, and (e) one representing a for-profit housing organization.

The legislators must select appointees from a list the Connecticut Chapter of the National Association of Housing and Redevelopment Officials (CONN-NAHRO) submits. The list of candidates CONN-NARHO submits is as follows: (1) three must represent a housing authority with less than 100 units, (2) three must represent a housing authority with between 100 and 250 units, and (3) three must represent a housing authority with more 250 units.

The House speaker and Senate president must choose chairpersons from the committee's members. The chairperson, or the vice-chairperson in the chairperson's absence, may establish subcommittees and member working groups as needed by subcommittee chairpersons.

The initial terms of the all appointed committee members are staggered by a committee conducted lottery. After the initial term, the members' terms are three years. Members may be reappointed for an unlimited number of terms.

The committee must meet at least quarterly and advise the CHFA's executive director on the administration, management, procedures, and objectives of the bill's financial assistance, including the establishment criteria, priorities, and procedures for the State-Assisted Housing Sustainability Fund.

BACKGROUND

State Affordable Rental Housing Loan Portfolio

The portfolio consists of state-financed rental housing for low- or moderate-income people. It consists of approximately 17,776 units in 412 developments, including elderly and congregate housing (7,698 units) and family public housing (5,486 units).

In 2003, DECD transferred its state-financed housing loan portfolio (for which it had oversight) to CHFA, and CHFA gave \$85 million to the state in return, as authorized under PA 02-1 and PA 02-5 of the May 9 Special Session.

DECD's Elderly Rental Assistance Program

DECD's Elderly Rental Assistance Program provides "project-based" rental assistance to low-income seniors over age 62 and younger disabled people living in state-funded elderly housing developments. To qualify, seniors must spend more than 30% of their income on rent and utilities. The assistance amount is the difference between 30% of their adjusted gross income, less a utility allowance, and the base rent.

Related Bill

SB 1129 authorizes a total of up to \$119 million in general obligation bonds for emergency repairs, redevelopment, and demolition of state-assisted housing. Specifically, it (1) authorizes up to \$100 million in bonds to DECD for redevelopment, demolition, or capital improvement at state-assisted housing, with \$10 million effective each July 1 between 2007 and 2016 and (2) authorizes up to \$19 million in bonds for housing development and rehabilitation, lead abatement, and emergency repairs of state-assisted housing. The bonds are subject to standard statutory bond issuance and repayment requirements.

SB 1129 creates a State-Assisted Housing Emergency Repair Fund, which DECD's commissioner must use to finance emergency repairs. The commissioner determines the terms and conditions to which the fund is subject. It establishes an emergency repair fund advisory committee and the committee's membership to advise DECD's commissioner on emergency grants and loans from the fund.

SB 1129 authorizes any bonds authorized for housing, other than for the Housing Trust Fund, to capitalize the a State-Assisted Housing Emergency Repair Fund with the governor's and bond commission's approval

COMMITTEE ACTION

Select Committee on Housing

Joint Favorable Change of Reference

Yea 10 Nay 0 (03/06/2007)

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/21/2007)